

which was in past years regarded as a menace to the consuming public is increasingly accepted as a necessary condition for the maintenance and development of industry and trade, and a necessary feature of industrial and commercial progress. "Rationalization of industry" is the modern term applied to what was previously regarded as the danger of trustification of industry, and combined action by overseas manufacturers and traders may be held to necessitate similar combination among the competing elements of similar industries and trades within the Dominion. It is only within a comparatively restricted field that the Commercial Trusts Act of 1910 operates, but, with the extension of trade combinations, many of them by no means designed or likely to offend against public interests, the Act may tend to become more restrictive than is warranted under the economic conditions of recent years.

#### CHATELS TRANSFER ACT, 1924.

It is provided by this Act that Orders in Council may be issued to extend the Seventh Schedule of the Act by adding further classes of chattels recognized as being the subject of "customary hire-purchase agreements."

Section 57 of this Act provides for the protection of bailors of such chattels as are referred to in the Seventh Schedule, without the necessity of registration. During the past year several applications for the addition of certain classes of articles to the Schedule have been received and dealt with by this Department. These applications necessitate investigation and inquiry as to the customary trade practices, and as to the desirability or otherwise of adding such articles to the schedule. Applications during the past year related to the following classes of chattels, none of which were, however, approved for addition to the schedule: Photographic enlargers, adding-machines, wireless sets, woodworking machinery, musical instruments generally, surgical and dental appliances and equipment, safes and strong-room doors.

During the past twelve months considerable interest has arisen in relation to the general question of transacting business on time payment and by the system of hire-purchase. The Master Grocers' Federation at its last conference recorded a very strong protest against such methods, which were referred to as a growing evil that should be curtailed and restricted.

One of the leading chambers of commerce in the Dominion has expressed the opinion that the marked extension of the practice of conducting business on this basis is causing considerable perturbation in the minds of commercial interests throughout New Zealand.

The attitude of the various sections of the trading community appears to be influenced very greatly by the class of goods in which those traders are interested, and, while sellers of foodstuffs, clothing, and similar articles object most strongly to time-payment or hire-purchase methods, dealers in automobiles, musical instruments, furniture, and certain classes of machinery are equally emphatic in their support of the virtues of the system.

It appears to be true in this, as in other instances, that it is the excessive and extravagant adoption of the principle of deferred payment which constitutes the only serious objection to a system of business which in certain respects has decided economic benefits. The time-payment system may claim to be an influence towards thrift as much as a cause of extravagance, and a means of enabling producers to use modern appliances or machines earlier than they would otherwise find possible.

The purchase of goods on a deferred-payment basis undoubtedly influences the direction in which the income of large sections of the community is spent, and in consequence of this some classes of goods may, to the disadvantage of other goods, secure a sale far greater than would be possible if cash trading were strictly adhered to. Credit trading is clearly not to be regarded as unsound or undesirable trading, and, provided that the buyer is reasonably able to meet his credit obligations, the main factor for consideration is the nature of the goods sold on credit and the use which the purchaser intends to make of them.

#### BANKRUPTCIES.

The officially recorded figures of bankruptcies, when considered over a period of years, give an interesting index of the fluctuations in trading and financial conditions in the Dominion.

The following table, covering the years 1900-27 (inclusive)—in four periods each of seven years—shows clearly how bankruptcy increases or declines with the periods of industrial and trading depression or buoyancy:—

Year.	Number of Bankrupts.	Amount of Debts proved.		Amount realized by Official Assignees.		Deficit.	
		Total.	Per Bankrupt.	Total.	Per Bankrupt.	Total.	Per Bankrupt.
	£	£	£	£	£	£	£
1900-06 ..	1,843	889,917	483	308,416	169	581,501	314
1907-13 ..	2,619	1,275,421	479	400,027	153	875,394	326
1914-20 ..	1,704	930,321	546	417,812	245	512,509	301
1921-27 ..	4,443	4,501,968	1,014	779,675	176	3,722,293	848

The foregoing figures are, of course, exclusive of private compositions with creditors. The number of bankruptcies per 1,000 of the population in each of the above-mentioned periods has been 0.30, 0.36, 0.20, and 0.47 respectively.

The relatively high figures of the period 1907-13 were clearly a resultant of the depression which made itself felt in and around the year 1909, while the favourable figures of the succeeding years 1914-20 reflect the commercially prosperous conditions existing during the period of price-inflation and exceptional demand for commodities, which did not reach its peak until 1920.